



Energy Efficiency Cornerstone Act of 2005

Conserve Energy, Save Money, Cut Pollution

The Energy Efficiency Cornerstone Act of 2005 (EECA) contains important provisions to advance energy efficiency in every sector of the economy that were not included but would improve the comprehensive energy bill adopted earlier this year by the House, H.R. 6. The foundation for sound national energy policy must be energy efficiency which offers the cheapest, quickest and cleanest means of extending our nation's energy supplies and enhancing our energy security. Introduction of EECA announced June 27th by House Renewable Energy and Energy Efficiency Caucus Co-Chairs Zach Wamp (R-TN) and Mark Udall (D-CO) along with bi-partisan original cosponsors including Representatives Ralph Hall (R-TX), Edward Markey (D-MA), Sherwood Boehlert (R-NY), Tom Allen (D-ME), and Michael Castle (R-DE).

Why Increase Energy Efficiency?

Energy efficiency remains the quickest, cheapest, and cleanest means of combating high natural gas and oil prices while decreasing pollution. The Alliance to Save Energy's research indicates that we now save more energy each year in the United States due to actions since 1973 to increase energy efficiency than we get from any single energy source. If we tried to run today's economy without the energy efficiency improvements that have taken place since 1973, we would need to use about 40% more energy than we do now.

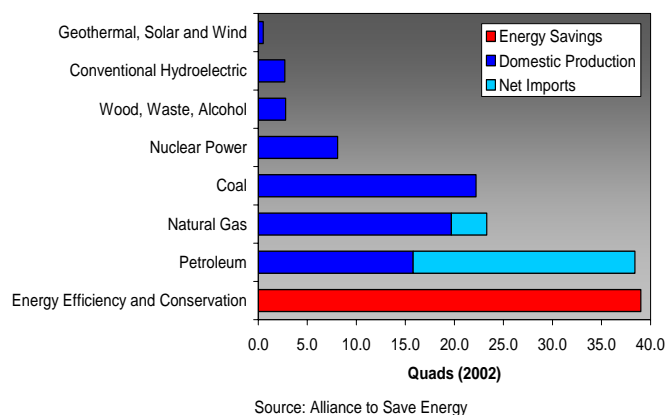
The House-passed energy bill (H.R. 6) includes some important energy efficiency measures, but they do not go far enough. EECA fills in some of the missing pieces of HR6 with common-sense, energy-efficiency policy options without including highly controversial provisions. EECA would more than double the energy savings of the House-passed HR 6—saving an additional 1.9 quads of energy annually by 2020, about 1.5% of total expected U.S. energy use at that time.

Key Provisions in the Energy Efficiency Cornerstone Act of 2005:

Transportation

More than two-thirds of the oil consumed in the United States is used for transportation – accounting for one-third of U.S. greenhouse gas emissions. Light-duty vehicle fuel economy has stagnated, while U.S. vehicle miles traveled are growing at more than twice the rate of the population. While this legislative package does not increase fuel economy standards, it attempts to encourage and ensure that more efficient vehicles will be on U.S. roads by providing a tax credit for highly efficient hybrid vehicles and fuel cells. It also amends EPCAct alternative fuel vehicle fleet requirements to encourage the use of hybrid and other highly efficient vehicles, and requires federal agencies to ensure that the average fuel economy of their new fleet light duty vehicles rises by at least 3 mpg.

Energy Efficiency: America's Greatest Energy Resource



Residential, Commercial, and Federal Buildings

Residential and commercial buildings account for about 40 percent of all energy use in the U.S. National appliance and equipment standards and state building energy codes offer an efficiency floor that American consumers can trust, provide uniform rules for manufacturers, and slash wasteful energy consumption. EECA enacts appliance and equipment standards, and revises energy performance standards for new federal buildings, privatized military housing, manufactured housing and federally subsidized housing. This legislation also authorizes \$25 million a year to support states in achieving high rates of compliance with the most recent building energy codes.

EECA also encourages consumers and businesses to increase their efficiency through voluntary programs like Energy Star and through tax incentives that work to advance market transformation. The bill authorizes funding increases for the Energy Star program and ensures Energy Star eligibility requirements are kept up-to-date, and authorizes matching funds for state rebates for Energy Star products. Furthermore, EECA authorizes the Department of Energy (DOE) to provide supplemental funding for state programs to replace old appliances with Energy Star appliances, and authorizes \$50 million per year for five years for this purpose. To encourage consumers and businesses to invest in energy efficiency, EECA also provides tax incentives for highly efficient new homes, improvements to existing homes, commercial buildings, heating and cooling equipment and appliances.

The Alliance to Save Energy estimates that the federal government wastes one billion taxpayer dollars each year on inefficient energy use in its buildings. EECA provides the tools and standards necessary for the federal government to lead by example by permanently reauthorizing Energy Savings Performance Contracts (ESPCs) and setting federal building efficiency targets, and increasing funding for the Federal Energy Management Program.

Industry

Industry accounts for one-third of America's energy use. Energy-intensive industrial plants typically have enormous energy bills, sometimes running into the millions of dollars annually. Energy efficiency improvements offer the potential for a significant return on investment for the industrial energy consumer in the form of lower utility bills, as well as for the public in the form of reduced pollution and energy prices. This legislative package provides a 10% investment tax credit for combined heat and power systems up to 15 MW and authorizes the Secretary of Energy and EPA Administrator to enter into voluntary agreements with industrial enterprises to reduce overall industrial energy intensity by 2.5 percent or more each year from 2007 to 2016.

Electric and Natural Gas Utilities

In the 1980s and 1990s, states and utilities used demand-side management programs to avoid the need for approximately one hundred 300-Megawatt power plants. However, utility spending on such programs nationwide was cut in half as states and the electric utility industry prepared for expected deregulation. This legislative package authorizes a study on state and regional policies to promote cost-effective programs to increase end-use energy efficiency, including performance standards, public benefit funds, infrastructure planning, and ensuring appropriate returns for energy efficiency investments. It also authorizes 3-7 state pilot programs, with \$25 million in funding over five years, to develop plans and programs designed to reduce electricity and natural gas consumption or demand by at least 0.75% per year. And it requires state regulators and non-regulated utilities to determine within three years whether or not it is appropriate to direct the implementation of such energy efficiency policies and programs.

*For more information, a copy of the legislation, or a section-by-section analysis of the bill, please contact:
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